

ABOUT US

GumGum is a leading computer vision company with a mission to unlock the value of every online image for marketers. Its patented image-recognition technology delivers highly visible advertising campaigns to more than 400 million users as they view pictures and content across more than 2,000 premium publishers. Founded in 2007, GumGum invented the In-Image advertising category and is used by some of the majority of Fortune 100 companies.

GumGum ads consistently achieve an 81% viewability rate and deliver 10 times better engagement than traditional display options, while still prioritizing high-quality inventory, brand safety, and user experience. The company also offers GumGum V.I., a real-time visual listening platform that helps brands identify and activate online pictures relevant to them, as well as engage their top influencers on social media and realize the full media value of sponsorships across broadcast and social media.

INTRODUCTION

In October 2016, GumGum set out to explore a topic we've been thinking about lately: When it comes to mobile advertising, are publishers, advertisers, and consumers on the same page? Consumers spend most of their time on wireless devices these days...have publishers and brands optimized to that reality?

After surveying hundreds of publishers, brands, and consumers, we can report that we still have some distance to travel. For instance, only 51% of brands have mobile-optimized sites, yet we learned that consumers truly value them. Nor are brands prioritizing mobile advertising, which is a missed opportunity, since customers in general are supportive of it, as evidenced by the low level of ad-blocking usage on smartphones and tablets.

More importantly, almost 80% of consumers we surveyed purchase goods and services on them, and many do so monthly.

Another key finding: The quality of mobile advertising needs to improve. To the consumer, "good" ads are those that feature new products and brands they like, and don't disrupt what they're doing on their devices.

This report explores these issues in depth, and offers strategies that publishers and advertisers can implement to make mobile advertising beneficial to everyone in the ecosystem.



35.56% of overall respondents said that texting was their top activity, followed by email (25.78%). 38.44% of overall respondents said watching videos was the activity they did the least frequently.



MOBILE CONTENT IS POPULAR, BUT MARKETERS AREN'T SPENDING ENOUGH ON IT

Let's start with agencies. In October 2016, we surveyed* more than 300 agencies with clients representing every major industry. Key highlights include:

40%

of total site visits come from mobile, and 42% of respondents said that will likely increase by the end of the year.

51%

of brands have mobile-optimized websites, and 20% are currently building mobile apps

In spite of investing, in better mobile experiences for their customers, brands aren't prioritizing mobile advertising. For instance:

84%

said mobile ad spend doesn't align with customer usage

23%

say they spend 10% or less of their budgets on mobile advertising

26%

don't even run tablet ads!

Why the gap? As it turns out, advertisers still aren't clear on what to do with mobile from a financial point of view. What's the benefit? How do they measure ROI? This lack of clarity is curtailing the growth of mobile advertising.

Over the next 18 months, advertisers say they'll prioritize engagement and brand awareness, not sales.



*Source: We surveyed 300 agency representatives in the U.S. in industries as diverse as retail, telecom, financial services, CPG, travel, media, and entertainment.

We asked respondents to rank the types of content they consume most frequently. Overall, looking at photos and images was ranked highest (39.42), followed by reading full articles (32.75%). 44.7% said they play games the least frequently.



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VP INNOVATION AND
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CREATING MOBILE
EXPERIENCES THAT
ADD VALUE
TO CONSUMERS

ACCORDING TO OUR SURVEY, MOBILE USAGE AND SPEND ARE NOT ALIGNED. IS THIS SURPRISING TO YOU?

Not at all. As marketers, we're trying to mirror what we've learned from the web into mobile. But it just doesn't work that way. My job title has the word innovation in it, so I'm not thinking about translation, I'm thinking about the invention of the mobile device as a completely new vehicle for advertising. This is very different from what we learned in the '90s around how to advertise on a website, so I'm not surprised that mobile is still broken. The good news is that this is a really exciting time in marketing because of what we can invent for this new platform.



Only 20.26% of overall respondents said they've never made a purchase using a mobile device. 44.44% say they shop at least monthly or more often.

HOW DOES L'ORÉAL APPROACH MOBILE ADVERTISING?

We don't think about mobile advertising as advertising. We think about it as an experience. We try and think about how the device can be the center of an experience that is specific, useful, and adds value to our portfolio of brands and to your consumer. I don't believe in the disruption part of an ad experience anymore—it's really about how you insert a brand in a specific, useful way at the right time and place.

IS CROSS-DEVICE TARGETING IN RELATION TO PROVIDING A GREAT BRAND EXPERIENCE IMPORTANT ON MOBILE?

Mobile is so much more fragmented and it goes back to being specific within the device and within the frame and the attention of where someone is at that time. It's a creative challenge in itself, and something we devote a lot of time to because it's not a one-size-fits-all answer anymore! In terms of cross-device on mobile, how we're capturing people along that tunnel and how we think about attribution is difficult. We're thinking about and creating content that is specific to that moment, and to that device.

WHAT'S THE BEST WAY TO INCORPORATE A MOBILE STRATEGY WITHIN AN OVERARCHING DIGITAL STRATEGY?

At L'Oreal, we know that people don't want to talk to humans anymore; they want to interact with their mobiles—something that's not a person—so we launched Makeup Genius, a mobile-first augmented reality (AR) tool that alleviates the need for shoppers to even go in-store anymore. We don't think first about which platform (mobile, desktop) we're creating ads for, we think about which environment mobile can add a solution to that doesn't already exist. The channel comes after that. You have to put the experience first and what problem you are trying to solve, then tailor to that before choosing the appropriate channel. I think about mobile devices as "hearts." They're controlling us, our "hubs." They're the remote control of our lives. How do marketers fit in with that kind of philosophy? That's how I think about mobile experience. The mobile device is the hub—it's solving problems for our brand, for the beauty industry, and for our consumer in a useful way.

HOW DO YOU MEASURE THE SUCCESS OF YOUR MOBILE EFFORTS?

At the end of the day, we have to sell products. We look at sales,



Despite the industry's best efforts, 63.61% of respondents said they disagree or strongly disagree that advertising can enhance their mobile experiences. Gen Yers were the exception: 33.3% agreed somewhat that mobile ads are an enhancer.

reach, brands, and affinity. It's no different from other KPIs. Starting to play around with concepts, you think about what we are focusing on. Content to commerce is key. It's hard to do this everywhere. As the behavior of the tech evolves, we can create seamless experiences on the device. The baselines are tough and on an industry perspective, we have to work together to create that.

WHAT DO YOU SEE IN MOBILE'S FUTURE?

I see three different things. The first is consumer care within messaging apps. Utilizing what the messaging platform can do, whether it's a bot or a human. This is a good way for brands to start using mobile in an authentic way for customer care. The second is the increasing depth of apps, be they for gaming, utility, diagnostics, or just shopping—this is a next-generation piece of what the future can look like. And then the third kind of ties the other two together. How can a brand or company provide on-demand utility, knowing where you are and who you are? I see the future as brands adding personalized and specific experience, provided to consumers at scale to solve problems or make them happy. The other thing I wanted to add is that there are really interesting opportunities around live video. You can look at Instagram and you can look at someone's Instagram from yesterday, and they're both old news. We live in a world of now, so how can we think as marketers about this "world of now."



THE CONSUMER WEIGHS IN DRAWING A LINE IN THE SAND: PEOPLE WANT ADS THAT ENHANCE THEIR MOBILE EXPERIENCE



In another October 2016 survey*, we asked consumers just how they feel about mobile advertising. Key findings include:

- 1) On the whole, consumers support mobile advertising, which is why just 19% of them have installed an ad blocker on their devices. And nearly half (46.63%) said they wouldn't consider paying for an ad-free environment.
- 2) 79.13% of consumers have made purchases using their mobile phones. Over a third (37.97%) said they make purchases monthly, and yet advertisers report that sales isn't a top goal for mobile.
- 3) Nearly 67% of consumers say a mobile optimized site is very important or somewhat important to their perceptions of the brand (yet, as noted above, only 51% of brands have them).



When asked what makes an ad work best on a mobile phone, 68.71% responded that it's quick to load.



Consumers are less receptive to ads that interrupt what they're doing, use auto-play features, or take over their screens. They're impatient with slow load times, and complain that ads eat into their data plans. Seeing the same ad over and over again is a nuisance, and many go out of their way to boycott brands that over-target them.

The mobile environment offers powerful tools to help brands engage with the consumer, including geo-tagging or checking in from a mobile app or a mobile website. These tools are rarely used by consumers, however. 72.76% of consumers say that rarely or never geo-tag from a mobile app

72.76%
of consumers say that rarely or never geo-tag from a mobile app

85.22%
say they rarely or never geo-tag from a mobile website

So what makes an ad "good" in the eyes of a consumer? Half of the respondents say the best ads feature a new product they like, and 30% say they feature a preferred brand.



Clearly there's an inherent conflict between what consumers say they want and what they actually value. This is an issue that the advertising industry must address.

*Source: We surveyed 450 US consumers, aged 18 to 70, all of whom use a smartphone.



What's the Middle Ground?
HOW DO WE GET MOBILE ADVERTISING RIGHT FOR MARKETERS AND CONSUMERS?

Based on the qualitative and quantitative feedback, we offer a number of recommendations for the industry to adopt. Realistically, many of these proposals will take significant effort to achieve, but the time and energy may deliver rich rewards. After all, consumers have clearly moved to mobile, and are willing to use their devices to make purchases. It's up to the digital ad-tech ecosystem to ensure mobile advertising experiences deliver real benefits for consumers.

PUBLISHERS

- 1) Publishers (including mobile app developers) should make it clear that advertising helps them provide the content free or at no cost. This can be achieved via splash screens during the install/sign-up process.
- 2) Publishers should offer consumers the ability to tell them the kinds of brands and products they'd like to see. Additionally, consumers need a way to tell publishers when those ads are no longer relevant (e.g., target consumers with auto ads when they indicate they're in market, but give them the ability to end those ads once they've converted).
- 3) Publishers need to understand that consumers resent disruptive ads. This is a challenge in that banner blindness has led to advertisers seeking more assertive ad formats. Publishers would be wise to survey their readership to determine the best ads for their mobile websites and apps.

ADVERTISERS

- 1) Advertisers should consider their own opt-in capabilities, ones that allow consumers to say specifically what their interests are (e.g., "styling products for curly hair").
- 2) Advertisers should assess their current advertising partners to determine how well they're applying frequency caps across channels. Consumers get the concept of retargeting, and many find it useful. But they're hostile when it's overdone.
- 3) Advertisers should develop mobile optimized sites, especially for Baby Boomers, who complain that it's hard for them to see small ads and to navigate around a non-optimized site.
- 4) As with publishers, advertisers need to provide consumers with a way of saying that ads for a particular product or service are no longer relevant.

If consumers had the ability to tell their favorite mobile destinations that they're actively in the market for a new car, the impressions they'd see on their mobile devices would be significantly more valuable to the advertiser, and consequently, the publisher. And, if consumers were openly engaging with CPG companies on their favorite products, they may be more willing to check in when they enter retail locations.

All of this is predicated on the premise that consumers will be more willing to direct advertising based on what their interests are. Judging from these survey results, we think that's possible because they clearly they want to be in control.



STEVE KATELMAN : USER EXPERIENCE

THE RIGHT AND WRONG WAYS TO ADVERTISE ON MOBILE

Consumers are using their mobiles to shop, so it's natural for brands to target them there. But consumers don't like disruptions. What's the happy medium?

Consumer experience is paramount when considering mobile advertising, and disruptive or intrusive marketing can hurt a consumer's view of a brand. I'm a strong proponent of non-intrusive ads that are lighter in size, clearly designated as ads, and contain relevant messaging to the consumer. Our targeting capabilities allows us to reach the correct audiences, but we want to make sure the message resonates with them. In instances where more complex ad units are needed to tell the story, we push for creatives that load needed

assets sequentially after a user has shown engagement or interest, instead of loading all assets initially.

Why aren't more brands adopting a mobile-first approach?

There are a few factors that limit adoption of mobile, both from a client side as well as an agency side. For brands, it can be costly to initially build mobile-friendly sites and apps, and it can also be difficult to maintain these over time. Luckily, industry standards can help in some regards, and as consumers continue to shift into mobile, brands are more easily able to justify the expense of supporting mobile. For agencies, it's a resource issue as well, but for different reasons. Historically, developing mobile assets was difficult due to the variety of devices and environments that were needed to account for. Fortunately, the standardization of advertising units is helping with this.

Consumers want ads that feature new products of interest to them, but they want the ability to "turn off" specific ads, such as those for a product they've recently purchased. Do you see this as a possibility?

While this is possible in early stages today through cross-device partners, there are limitations in that these systems don't control frequency together. One potential is through cell carrier-level identifiers, and the other being a third party that has a solution that allows consumers to opt out of a single place for all media buying. We strongly encourage the industry to standardize this capability set as we want to respect a user's choice as well make sure we are staying relevant to them on behalf of our clients. We'll get there, I promise.

Consumers have powerful tools on their devices, like the ability to check in to a store, and then get real-time offers from brands and retailers. But they're not using them. What will it take to foster a more trusting relationship?

There are a few things advertisers should consider when looking to leverage location for messaging purposes.



71% of Baby Boomers say less intrusive ads will do the most to benefit advertising; 34% say contextual advertising is the least important to them.

First, the incentive must be valuable and relevant to the consumer. Second, speaking broadly to a consumer can be considered less intrusive than showing how much you know about them. It's important to be relevant, but it's just as important to respect a consumer's privacy. We also recommend strict frequency capping so that the consumer doesn't feel overwhelmed or over-messaged by your brand. It's also worth focusing on the best time to reach them. Perhaps knowing that they were at your store is more important than showing them an ad while they're physically there.

How do you define a good mobile ad?

I believe that an ad should:

- 1) Be clearly designated as an ad
- 2) Not interrupt a consumer's navigation experience
- 3) Quickly and clearly illustrate a brand's message
- 4) Be distinctly mobile units, not repurposed desktop assets
- 5) Be relevant to the consumer. Ads that don't follow these principles are "bad ads."

Brands are struggling to define how mobile fits into their overall strategy. How would you advise them?

Mobile should be viewed as a screen to tell a brand's message, not necessarily a tactic or strategy. While there are certainly some demographics that might be considered for a "mobile first" focus, I encourage clients to focus on the audience they want to reach and the message they want to tell them. Then, using that, we can make informed media decisions that encompass all relevant channels and screens. It's not rocket science.

DESIGN WHAT MAKES A GREAT MOBILE AD?

Hit the slopes with **Volcom**,
Burton, **Patagonia** and more!

SHOP NOW 

"Mobile ads need to add real value to a consumer, if it's not functional, it isn't a good mobile ad."



-David

"The condensed environment of a mobile screen provides more visibility for ads, as users are more focused on the entire content of a small space."



-Sebastien

"A good mobile ad blends in well with the content but still manages to stand out."



-Felix

"Creating a mobile campaign and not involving an audience is like playing a team sport, without a team. Make them part of the brand story, otherwise they're just spectators in front of a small screen. Each mobile campaign should have an emotional connection with the consumer."

"Good mobile ads offer a call to action that is not too disruptive."



-Vanessa

"In the world of print advertising, the best ads are non-intrusive and pleasing to look at without interrupting your day."



-Edmund

"Design for the platform, and incorporate mobile-specific functionality. Take advantage of a mobile phone's inherent features: texting, sharing, checking in."



-James

"What's true for any other ad is also true for a mobile ad: It's gotta have heart."

"Flashy is the enemy of good in a mobile ad. Keep them simple."

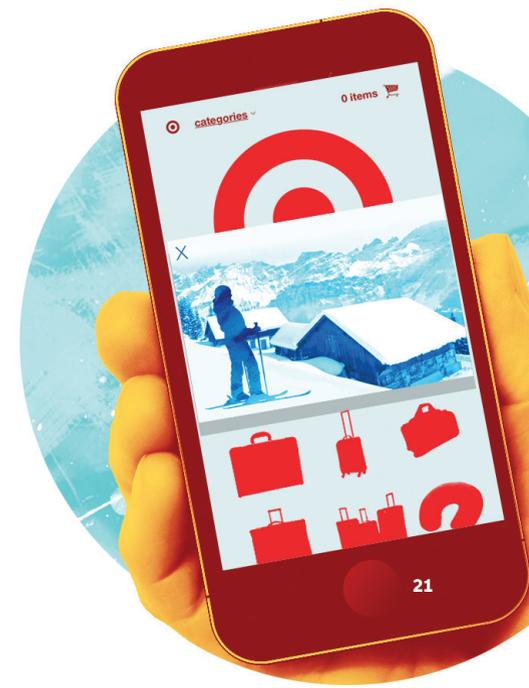


-Dan

"Location, location, location: You're on a phone, so make the most of real-time, geo-location-based capabilities."



-Ben



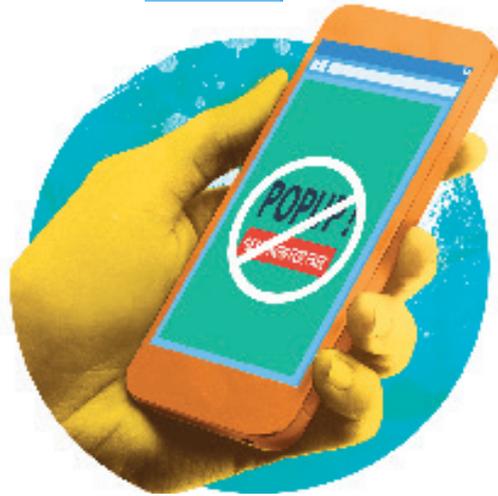
CONCLUSION

Mobile publishers and advertisers have a keen interest in making digital advertising as rewarding an experience as possible. As the desktop experience has taught us, if consumers find ads annoying, they're quick to block them. So far, consumers have been slow to install ad blockers on their mobile devices, and that gives the industry time to get mobile advertising right.

5 RULES FOR GOOD ADVERTISING

Less intrusion, fast load times.

Consumers are bothered by disruptions, and technical limitations, such as slow load times, frustrate them. Publishers should focus on ad formats that load quickly.



Consumer input.

Despite their grumbling about advertising, consumers like ads that feature a new product or favored brand. If you want to prompt purchases, open a two-way conversation with consumers so they can tell you their preferences.



Nail campaign criteria.

Consumers often pay for ads, and they get hostile when they see the same ad for the same product repeatedly. We need to ensure that standard desktop criteria—frequency capping, day-parting, etc.—are applied to mobile.



Respect.

In a world where banner blindness is a reality, advertisers are eager to use high-impact (read: aggressive) ad formats. That works in the desktop world, but it's problematic in mobile. For instance, the small screens make it harder to close or stop unwanted ads. And again, consumers may pay for them.



Mobile-First.

Experiences designed for the desktop don't translate well into mobile. You can invest serious resources into your website experience, but if a consumer accesses it via a mobile device, all that effort is wasted. Invest in mobile-first—it will pay dividends for a long time to come.

One last thought: The industry needs to do a better job explaining why mobile advertising provides them with the content they want at little to no cost.



Of all the demographics, Baby Boomers are the biggest users (26.65%) of ad-blocking apps, while only 16.81% of Millennials and 14.29% of Gen Xers block ads.



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WRITTEN BY:
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844.522.7270
GUMGUM.COM

